

LAW OFFICES

PRUITT, GUSHEE & FLETCHER

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THOMAS W. BACHTTELL
A. JOHN DAVIS, III
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STEVEN PAUL ROWE

SUITE 1850 BENEFICIAL LIFE TOWER

SALT LAKE CITY, UTAH 84111

(801) 531-8446

TELECOPIER (801) 531-8468

OF COUNSEL
BRENT A. BOHMAN

January 12, 1990

Mr. Holland Shepard
Division of Oil, Gas & Mining
Department of Natural Resources, State of Utah
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
JAN 16 1990

DIVISION OF
OIL, GAS & MINING

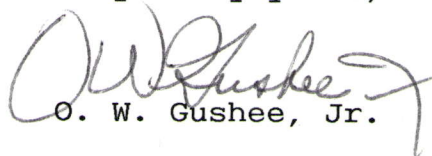
Re: Moab Salt, Inc. Reclamation Contract and
Bond M/019/005 King Creek Mine Operation,
Grand County, Utah

Enclosed for the file of the Division of Oil, Gas & Mining are
original signature copies of the following:

- (a) Reclamation Contract dated December 14, 1989; and
- (b) Self Bonding and Indemnity Agreement (Exhibit B to the
Reclamation Contract), dated January 8, 1990, which
includes the Guaranty executed by Texasgulf Inc.

Also enclosed, per your request, is a completed Self Bonding
Qualification Sheet for Texasgulf Inc., the guarantor under the
Self Bond. Although a Self Bonding Qualification Sheet was
previously furnished to the Division which contained the same
information, you requested that we provide you with this informa-
tion on the Division's newest form dated July, 1989.

Very truly yours,


O. W. Gushee, Jr.

OWG:jh
0598.05

Enclosures

cc: Dave Edmiston (w/encl.--Self Bonding Qualification Sheet)
Gene McGuire (w/encl.--Self Bonding Qualification Sheet)
Rick York (w/encl.--Self Bonding Qualification Sheet)

FORM MR-RC
Revised 11/29/89
RECLAMATION CONTRACT

File Number M/019/005
Effective Date 12/14/89

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1208
(801) 538-5340

RECEIVED

JAN 16 1990

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

---oo0oo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/019/005
(Mineral Mined) Potash (KCl) and Salt (NaCl)

"MINE LOCATION":

(Name of Mine) Cane Creek
(Description) Grand County, Utah

"DISTURBED AREA":

(Disturbed Acres) 1002.00 acres
(Legal Description) Exhibit A

"OPERATOR":

(Company or Name) Moab Salt, Inc.
(Address) P. O. Box 1208
Moab, Utah 84532
(Phone No.) (801) 259-7171

*Replaced - this
original returned
to operator 2-22
2000*

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

CT Corporation Systems

50 West Broadway, 8th Floor

Salt Lake City, Utah 84101

(801) 364-1228

"OPERATOR'S OFFICER(S)":

David C. Edmiston

Chairman of the Board

Moab Salt, Inc.

3101 Glenwood Avenue

P. O. Box 30321

Raleigh, NC 27622-0321

"SURETY":

(Form of Surety - Exhibit B)

Self Bonding and Indemnity

Agreement: Guaranty, Texasgulf Inc.

St. Paul Fire and Maine Insurance

Co. bonds (listed below) are held

by other agencies to ensure royalty
payment and reclamation.

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Guaranty: Texasgulf Inc.

*St. Paul bonds
released 4/96
replaced by
General Accident Ins.
Co of America
99880049 - BLM
25,000*

*25,000
99880062 SITKA
lease # 0143659*

Bonds:

(a) St. Paul Fire and Maine

Insurance Co. Corporate Surety

Bond No. [REDACTED]

(Held by State Lands - \$25,000.00)

(b) St. Paul Fire and Maine

Insurance Co. Statewide Mineral

Lease Bond No. [REDACTED]

(Held by BLM - \$25,000.00)

(c) St. Paul Fire and Maine

Insurance Co. Statewide Mineral

Lease Bond No. [REDACTED]

(Held by BLM - \$25,000.00)

"SURETY AMOUNT":
(Escalated Dollars)

Total: \$10,700,000.00
St. Paul Fire and Marine \$75,000.00
(3 - \$25,000.00 bonds)
Texasgulf Inc. \$10,625,000.00

"ESCALATION YEAR"

1999

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

n/a

B "SURETY":

n/a

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/019/005 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount acceptable to the Operator and approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing in accordance with the Act and implementing rules.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining operations as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.

7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division after notice and hearing, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

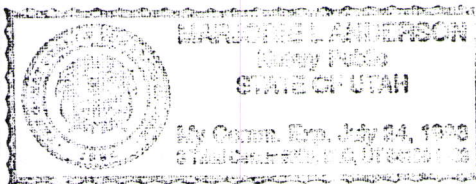
SO AGREED this 14th day of December, 1989.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By Gregory P. Williams
Chairman, Board of Oil, Gas and Mining Date

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 14TH day of DECEMBER, 1989, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the State of Utah.



Marjorie L. Anderson
Notary Public
Residing at: SLC, Utah

My Commission Expires:

OPERATOR:

By

David C. Edmiston
Corporate Officer - Position
Chairman of the Board

Date

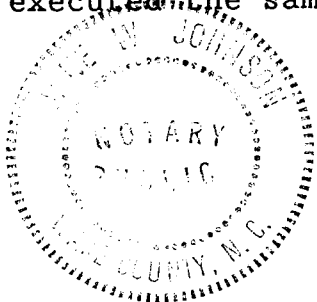
January 8, 1990

STATE OF North Carolina)

ss.

COUNTY OF Wake)

On the 8th day of January, 1990, personally appeared before me David C. Edmiston, Jr. who being by me duly sworn did say that he/she, the said David C. Edmiston Jr is the Chairman of the Board of Mont Salt, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said David C. Edmiston Jr. duly acknowledged to me that said company executed the same.



Jane W. Johnson
Notary Public
Residing at: Lane, NC

March 27, 1990

My Commission Expires:

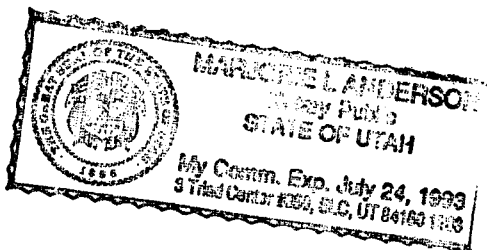
DIVISION OF OIL, GAS AND MINING:

By Dianne R. Nielson
Director

12/14/89
Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 14TH day of December, 1989, personally appeared before me, who being by me duly sworn did say that he/she, the said Dianne R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Marjorie L. Anderson
Notary Public
Residing at: SLC, Utah

My Commission Expires:

EXHIBIT A

T. 26S., R. 20E., SLM

- Sec. 22: $SE\frac{1}{4}SE\frac{1}{4}$;
Sec. 23: $SW\frac{1}{4}SW\frac{1}{4}$;
Sec. 24: $SE\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$, $NE\frac{1}{4}NW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$;
Sec. 25: All;
Sec. 26: All;
Sec. 27: $SE\frac{1}{4}NE\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$;
Sec. 34: $SE\frac{1}{4}SE\frac{1}{4}$;
Sec. 35: All;
Sec. 36: All;

T. 26S., R. 21E., SLM

- Sec. 30: $W\frac{1}{2}NE\frac{1}{4}$;

T. 27S., R. 20E., SLM

- Sec. 1: $N\frac{1}{2}NE\frac{1}{4}$, $SW\frac{1}{4}$, $N\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NW\frac{1}{4}$;
Sec. 2: $E\frac{1}{2}$, $E\frac{1}{2}NW\frac{1}{4}$;
Sec. 11: $NE\frac{1}{4}$;
Sec. 12: $N\frac{1}{2}SW\frac{1}{4}$, $NW\frac{1}{4}$;

Note: Includes all lease area (4280.00 acres), including disturbed area.

EXHIBIT B

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

*Surety
Replaced -
this original
returned to operator
2-22-2000*

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by MOAB SALT, INC. and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (hereinafter referred to as "Board"),

WITNESSETH

WHEREAS, Moab Salt, Inc. has obtained Permit No. M/019/005 from the Division of Oil, Gas and Mining to operate the Cane Creek Mine ("Mine") in Grand County, Utah under the Mine Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended, ("Act") and implementing rules; on the premises specifically described in EXHIBIT A of Reclamation Contract; AND

WHEREAS, Moab Salt, Inc. and Board have entered into a Reclamation Contract (the "Contract") of even date herewith; and

WHEREAS, Moab Salt, Inc. is required to post surety for reclamation in order to operate the Mine under Permit No. M/019/005 under 40-8-14(3); and

WHEREAS, Moab Salt, Inc. has designated CT Corporation Systems, 50 West Broadway, 8th Floor, Salt Lake City, Utah 84101, as its agent for Service of Process in the state of Utah, and

WHEREAS, Moab Salt Inc.'s parent corporation and Guarantor, Texasgulf Inc., has been in continuous operation as a business entity for the last five years; and

WHEREAS, Texasgulf Inc. meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, Texasgulf Inc. has submitted to the Division of Oil, Gas and Mining and the Board financial statements in the form of audit opinions prepared by Ernst & Whinney, accountants, for calendar years 1987 and 1988.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Moab Salt, Inc. does hereby agree to be held and bonds to the Board for the sum of \$10,625,000.00 (1999 dollars) in lawful money of the United States, for the timely performance of reclamation responsibilities for Cane Creek Mine, Permit No. M/019/005 as more fully described in the Contract. By the submission of this Agreement, Moab Salt, Inc. will and truly does bind itself, its successors and assigns, jointly and severally.

The conditions of the above obligations are such that:

1. Moab Salt, Inc. shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Contract, the Act, the rules adopted pursuant to the Act and the conditions of Permit No. M/019/005 issued by the Division, and the Reclamation Plan.
2. The liability of Moab Salt, Inc. under this Agreement shall continue until successful reclamation of the permit area as provided in the Contract. At no time shall the liability or responsibility of Moab Salt, Inc. hereunder during the term hereof, exceed the sum of \$10,625,000.00 (1999 dollars). Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.

3. Moab Salt, Inc. does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of Moab Salt, Inc.'s failure to abide by the terms and conditions of Permit No. M/019/005, the Reclamation Plan, the Contract, the Act, and/or this Agreement.
4. The Board shall give Moab Salt, Inc., or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.
5. Upon successful completion of part or all of the obligations secured hereby, Moab Salt, Inc. may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall timely conduct an inspection to ascertain whether duties and obligations of Moab Salt, Inc. under the Act, regulations adopted pursuant thereto and Permit No. M/019/005 have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release Moab Salt, Inc. from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Grand County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by Moab Salt, Inc. in accordance with the Act and implementing rules and the amount of liability under this Agreement may be adjusted upward or downward if it is clearly established that the cost of future reclamation has materially changed.

7. The term of this Agreement is ten (10) years from the date hereof; provided, however, in the absence of written notice of termination by either party not less than ninety (90) days prior to the termination date, this Agreement shall be deemed extended for one (1) year and from year to year thereafter, subject to the same notice provision. This Agreement is further subject to the following conditions:

(a) If notice of termination is given as provided above, Moab Salt, Inc. shall within sixty (60) days thereafter either reach agreement with the Board as to the form and amount of a new Self Bonding and Indemnity Agreement or provide an alternate form of surety to secure reclamation obligations for Permit No. M/019/005 in a form and amount acceptable to the Operator and approved by the Board. If Moab Salt, Inc. shall fail to reach such an agreement or provide alternate surety within such period, Moab Salt, Inc. will be in default hereunder and under the Contract. Such failure may result, among other things, in an order of the Board, after notice and hearing, requiring the cessation of all mining operations and the complete and immediate reclamation of all disturbed areas.

(b) Moab Salt, Inc. agrees to timely provide the Division of Oil, Gas and Mining and the Board with annual financial statements for Texasgulf Inc. in the form of an audit opinion prepared by a certified public accountant for the calendar year prior to the date on which the audit opinion is furnished.

8. If at any time Texasgulf Inc. no longer satisfies the financial statutory and regulatory requirements for self bonding existing as of the date of this Agreement, Moab Salt, Inc. shall, within sixty (60) days after written demand, provide an alternate form of surety to secure reclamation obligations for Permit No. M/019/005 in form and amount acceptable to the Board. If Moab Salt, Inc. shall fail to provide such alternate surety within such period, Moab Salt, Inc. will be in default hereunder and under the Contract. Such failure may result, among other things, in an order of the Board, after notice and hearing, requiring the cessation of all mining operations and the complete and immediate reclamation of all disturbed areas.
9. This Agreement will be governed and interpreted according to the laws of the State of Utah.

SO AGREED this 8th day of January, ~~1989~~ ¹⁹⁹⁰.

MOAB SALT, INC.

Date January 8, 1990

David C. Edmiston
Corporate Officer - Position
Chairman of the Board

STATE OF North Carolina)
COUNTY OF Wake)

ss:

On the 8th day of January, ¹⁹⁹⁰~~1989~~, personally
appeared before me David C. Edmiston Jr. who being by me duly
sworn did say that he/she, the said David C. Edmiston Jr. is
the Chairman of the Board of Moab Salt, Inc. and said
instrument was signed in behalf of said corporation by authority of its bylaws
or a resolution of its board of directors and said David C. Edmiston Jr.
duly acknowledged to me that said corporation executed the same.

Jane W. Johnson
Notary Public
Residing at: Gauley, NC

My Commission Expires:

March 27, 1990



GUARANTY

For and in consideration of the execution by the Board of the foregoing Self Bonding and Indemnity Agreement, and in order to induce the Board to execute the same, the undersigned, Texasgulf Inc., hereby unconditionally and irrevocably guaranties to the Board, its successors and assigns, the full, prompt and faithful payment, performance and discharge by Moab Salt, Inc. of each of the covenants and obligations of Moab Salt, Inc. set forth in the foregoing Self Bonding and Indemnity Agreement, Permit No. M/019/005, the Reclamation Plan, the Contract and the Act, and in any other written instrument executed by Moab Salt, Inc. to carry out the provisions of Self Bonding and Indemnity Agreement.

This Guaranty shall continue in full force and effect, notwithstanding the termination or expiration of the Self Bonding and Indemnity Agreement, until the Board shall have approved and accepted in writing a new Self Bonding and Indemnity Agreement or alternate form of surety.

TEXASGULF INC.

By David C. Edmiston
Corporate Officer - Position

Vice President

STATE OF North Carolina)
COUNTY OF Wake)

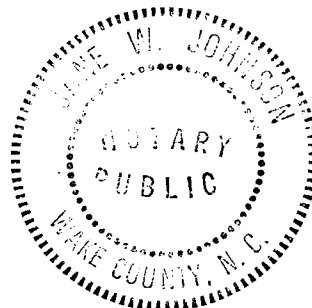
ss:

On the 8th day of January, ¹⁹⁹⁰~~1989~~, personally
appeared before me David C. Edmiston, Jr. who being by me duly
sworn did say that he/she, the said David C. Edmiston, Jr. is
the Vice President of Texasgulf Inc. and said
instrument was signed in behalf of said corporation by authority of its bylaws
or a resolution of its board of directors and said David C. Edmiston, Jr.
duly acknowledged to me that said corporation executed the same.

Jane W. Johnson
Notary Public
Residing at: Gartner, N.C.

My Commission Expires:

March 27, 1990

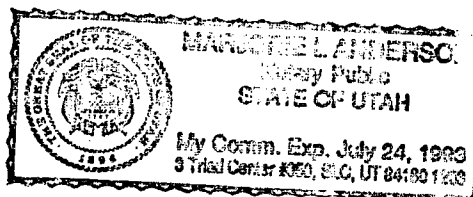


Date 12/19/89

Gregory P. Williams
GREGORY P. WILLIAMS, Chairman
Board of Oil, Gas and Mining

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 19TH day of December 1989, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.



My Commission Expires:

Margaret L. Anderson
Notary Public
Residing at:

APPROVED AS TO FORM:

Barbara W. Roberts
Barbara Roberts
Assistant Attorney General
MN84/7-15

NONCOAL
(July 1989)

Mine Cane Creek
Permit No. ACT/019/005
Date 1/3/90
Checked By _____

TEXASGULF INC.
SELF BONDING QUALIFICATION SHEET

Applicant required to meet one of the following criteria:

1. Current rating for most recent bond issuance
("A" or higher) (Moody's Investor Service or
Standard and Poor's Corporation) _____

or

2. A. Tangible Net Worth = (at least \$10 Million)
(Net worth minus intangibles [Goodwill and
rights to patents or royalties]) \$1,605,804,000
B. Total Liabilities/Net Worth
(2.5 times or less) = .18
C. Current Assets/Current Liabilities
(1.2 times or greater) = 4.17
Reference: Ernst & Whinney

or

Audit Opinion
as of 12/31/88

3. A. Fixed assets in the United States
(at least \$20 million) = \$
B. Total Liabilities/Net Worth
(2.5 times or less) = _____
C. Current Assets/Current Liabilities
(1.2 times or greater) = _____
Reference: _____

Guarantor

Has the ~~operator~~ been in continuous operation of not less than five (5)
years (immediately preceding the time of application) (submitted five
annual reports)?

Yes ☒ No _____

Guarantor
Has the ~~operator~~ furnished financial statements prepared by an
independent certified public accountant in conformity with generally
accepted accounting principles?

Yes ☒ No _____

Has the operator furnished unaudited financial statements for
completed quarters in the current fiscal year?

Yes _____ No _____

Has the operator supplied other useful information for determining
financial qualifications?

Yes _____ No _____